

**MINUTES  
of the  
FIFTH MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT  
OVERSIGHT COMMITTEE**

**October 1, 2007  
Barbara Hubbard Room — Pan American Center  
New Mexico State University  
Las Cruces**

The fifth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, vice chair, at 10:15 a.m. on Monday, October 1, 2007, in the Barbara Hubbard Room at the Pan American Center, New Mexico State University in Las Cruces.

**Present**

Rep. Daniel P. Silva, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Sen. Cisco McSorley  
Sen. Leonard Lee Rawson

**Absent**

Sen. Nancy Rodriguez, Chair  
Rep. Roberto "Bobby" J. Gonzales  
Rep. Teresa A. Zanetti

**Advisory Members**

Rep. Andrew J. Barreras  
Sen. Richard C. Martinez

Rep. Jose A. Campos  
Rep. Daniel R. Foley  
Sen. Phil A. Griego  
Sen. John T.L. Grubestic  
Sen. H. Diane Snyder

**Also Present**

Sen. Mary Kay Papen  
Rep. Mary Helen Garcia  
Rep. Joni Marie Gutierrez

**Staff**

Chase Van Gorder, Staff Attorney

**Guests**

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

## **Monday, October 1**

### **Welcome**

Dr. Waded Cruzado Salas, executive vice president and provost, New Mexico State University (NMSU), welcomed committee members to Las Cruces and NMSU on behalf of President Mike V. Martin, who was unable to be present. Dr. Salas complimented the committee members on the work they and the Mortgage Finance Authority (MFA) are doing and observed that they are working toward the same goal as the university: touching the lives of all New Mexicans.

### **Francis Williams — Comments**

Senator Papen introduced Francis Williams, who was invited to make comments to the committee. Ms. Williams thanked Lt. Governor Diane Denish and Senator Papen for their work in passing Senate Bill 519 during the 2007 legislative session, which bill affected the structure of the state's regional housing authorities. She commented on the price she has paid as a whistleblower and the work that still needs to be done to address problems with the state's regional housing authorities. She stated the need for the passage of an ethics bill to address collusion, corruption and cronyism. The full text of her comments is in the meeting file.

### **New Mexico Mortgage Finance Authority — Status Update**

At the request of Vice Chairman Silva, Jay Czar, MFA executive director, gave a brief review of the provisions of Senate Bill 519 passed during the 2007 legislative session, including the role of the MFA in the oversight of regional housing authorities. Mr. Czar indicated that he does not anticipate new legislation affecting regional housing authorities until the 2009 legislative session.

### **Regional Housing Authorities — Regions V and VI Updates**

Cathy De Marco, executive director of the Region V Housing Authority (Region V), serving Grant, Catron, Hidalgo and Luna counties, gave a review of Region V's activities. The mission of Region V is to provide decent, safe and affordable housing to low-income families as well as to promote economic opportunity and a suitable living environment free from discrimination. Region V is committed to maintaining a high level of standards and professionalism in the day-to-day management of all programs administered by Region V. Region V has had "high performance" status through the U.S. Department of Housing and Urban Development (HUD) for the last six years and has had unqualified audits for more than 10 years. Ms. De Marco reviewed the services provided by Region V through the HUD Section 8 Housing Choice Voucher Program (911 vouchers allocated over the four-county area), HUD Low-Rent Public Housing Program (54 units in Silver City) and the five project-based units built in Silver City. Challenges faced by Region V include the lack of affordable rental units due to the demand of housing at higher rental rates by the U.S. Border Patrol and the goal to increase the authority's lease-up rate from 89% to 98%. Region V is working on expanding its voucher program to include home ownership.

Chris Herbert, executive director of the Region VI Housing Authority (Region VI), serving Lincoln, Otero, Eddy, Chaves and Lea counties, gave a review of Region VI's activities. The mission of Region VI is to assist low-income families with finding safe, decent and affordable housing opportunities as they work toward self-sufficiency, and to improve the quality of their lives. Region VI is committed to operating in an efficient, ethical and professional manner. Region VI has had "high performance" status through HUD for the last five years and has had unqualified audits for the past three years. Mr. Herbert reviewed the services provided by Region VI through the HUD Section 8 Housing Choice Voucher Program (1,285 vouchers allocated over the five-county area), HUD Public Housing Program (84 units in Roswell, Capitan and Carrizozo), U.S. Department of Agriculture (USDA) Rural Development Property (20 multifamily units in Hagerman), HUD Project-Based Multi-Family Development (88 units in Carlsbad and 88 units in Hobbs), 152 units in Hobbs that are rent-controlled, a home ownership program and an owner-occupied rehabilitation program. Challenges faced by Region VI include the refinancing and rehabilitation of properties owned by Region VI and the dwindling funds provided pursuant to the HUD public housing budget.

Richard G. Chavez, MFA Regional Housing Authority liaison, gave a regional housing authority update. Regions I and VII are no longer viable entities and are to be discontinued. All operational aspects of Region II have been turned over to the Santa Fe Civic Housing Authority through a six-month contract. Region II has not had a financial audit since 2003. The Mid-Region Council of Governments is currently responsible for all of Region III's properties throughout the state. Region IV has taken steps recently to adopt policies and procedures required by HUD for continued operation and to put an interim staff in place. A request for proposals will be issued for an operational contract. An audit of operations since fiscal year 2004 should begin in January 2008. Quarterly reporting by MFA to the Department of Finance and Administration is scheduled to begin this month. MFA is working to ensure that information required for audits of regional housing authorities can be provided to the Office of the State Auditor.

### **Private Developer Participation in MFA Programs**

Tom Hassell, executive director of the Housing Authority of the City of Las Cruces and Dona Ana County (Housing Authority), briefed the committee on the history and activities of the Housing Authority. The Housing Authority began operations in 1961 with 64 HUD conventional public-housing units. The Housing Authority in the late 1980s and 1990s began acquiring and rehabilitating existing properties and converting them into affordable housing. Mr. Hassell reviewed the entire inventory of housing and noted that the New Mexico Housing Corporation is an affiliated 501(c)3 nonprofit corporation and discussed several recent housing projects. The Housing Authority is changing its focus from rental programs to home ownership programs. In the past, the Housing Authority has generated some income through the sale of property but is now looking for new ways to leverage funds to build more housing. Mr. Hassell reviewed a number of ways in which the legislature might be able to provide financial assistance through home ownership programs for low- and moderate-income families. Thomas Andrews, vice president of J.L. Gray Company, discussed his company's involvement in the development and management of multifamily rental housing for low- and moderate-income families. His

company presently manages 2,800 units of affordable housing. He noted that when economic growth occurs in a region, the stock of affordable housing often decreases as new families moving into the region can pay higher rents and, therefore, landlords often choose not to continue renting to tenants utilizing housing vouchers.

### **The Colonias — Update**

Esperanza "Espy" Holguin, program specialist, Colonias Project, HUD, gave the committee a brief overview of the Colonias Project. The Southwest Border Region, Colonias and Migrant/Farmworker Initiatives were started seven years ago to address problems of the colonias along the U.S.-Mexican border. "Las Colonias" are rural communities, usually within 150 miles of the border, characterized by persistent poverty and substandard housing. HUD's Office of Departmental Operations and Coordination has been working with NMSU as well as state and local governments to address the problems of the 145 colonias located in New Mexico.

### **Lunch; Tour of MFA-Financed Projects**

Following the presentation regarding private developer participation in MFA programs, the committee had lunch, at which time welcoming comments were given by Las Cruces Mayor Pro Tem Dolores Connor, Las Cruces City Manager Terrence Moore and Ms. Holguin. Following lunch, committee members were given a tour of the following MFA projects: Stone Mountain Place and Los Altos Village Apartments in Las Cruces. Representative Jeff Steinborn was present to welcome committee members to the Los Altos Village Apartments.

### **Adjournment**

Following the tour of MFA-financed projects, the fifth meeting of the MFA Act Oversight Committee for the 2007 interim was adjourned at 3:30 p.m.